

Rules and Regulations	Basic Rules and Regulations for Bribery Prevention for Group of Sumitomo Bakelite Co., Ltd.	Business, Etc.
Group		3920

Chapter 1 General provisions

Article 1 Purpose

These Basic Rules and Regulations for Bribery Prevention for Group of Sumitomo Bakelite Co., Ltd. (these “**Basic Regulations**”) set forth the framework common across each company of group of Sumitomo Bakelite Co., Ltd. (the “**Group**”) in relation to (a) codes of conduct and matters to be observed by the officers and employees of the Group when they encounter bribery or any act that may constitute bribery and (b) measures to be taken and efforts to be made by each company of the Group.

Article 2 Scope of application

These Basic Regulations apply to Sumitomo Bakelite Co., Ltd., each company whose voting rights are held directly or indirectly in a proportion exceeding 50% by Sumitomo Bakelite Co., Ltd., and each officer or employee (including contract employees, temporary employees, commissioned employees, dispatched employees, seconded employees, and part-time employees) of any such company.

Article 3 Anti-bribery Policy of Group of Sumitomo Bakelite Co., Ltd.

The Anti-Bribery Policy of the Group is established as follows as the basic anti-bribery principles of the Group.

Anti-Bribery Policy of Group of Sumitomo Bakelite Co., Ltd.

- (1) Each officer or employee of the Group must comply with the Anti-Bribery Laws and Regulations.
- (2) Each officer or employee of the Group must not, either directly or through third parties, such as Agents, provide any bribe or conduct any Provision of Goods, Money, or Other Benefits to any Public Officer for the purpose of obtaining any “Wrongful Gain in Business.”
- (3) Each officer or employee of the Group must not make any demand to any of our business partners for the Provision of Goods, Money, or Other Benefits.
- (4) If any business partner makes an offer to provide a gift or entertainment to any officer or employee of the Group, and if that gift or entertainment is excessive considering ordinary social norms in business practices, then that officer or employee of the Group must decline that offer.
- (5) Each company of the Group must make ongoing efforts to develop and operate an appropriate anti-bribery and compliance system in accordance with the Anti-Bribery Laws and Regulations of the country where the relevant company is located and the degree of bribery risk in the country where the relevant company is located and the business fields of the relevant company.

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Chapter 2 Codes of conduct and matters to be observed by officers and employees

Article 4 Gifts and entertainment

1. Even if it is necessary based on social courtesy for an officer or employee of the Group to provide a gift or entertainment to a Public Officer, that officer or employee must provide the gift or entertainment upon considering in detail in each case whether that gift or entertainment is extravagant or excessive in light of social norms (including economic conditions and price levels in the country where the counterparty is located; the same applies below) in addition to whether that gift or entertainment conflicts with the Anti-Bribery Laws and Regulations and the standards permitted under internal rules (such as monetary thresholds).
2. Each officer or employee of the Group must be prepared to provide an appropriate and reasonable explanation regarding the reasons and basis for providing any gift, entertainment, or the like to a Public Officer and must keep appropriate records upon completing necessary internal processes.
3. Notwithstanding the provisions of Paragraphs 1 and 2 of this Article, each officer or employee of the Group must not provide any gift or entertainment in any of the following cases:
 - (1) immediately before or immediately after any procedures (such as bidding) or negotiations regarding any sale or purchase with a governmental authority;
 - (2) immediately before or immediately after any application to a governmental authority regarding permissions or authorizations for business, registration of products, patents, or other permissions or authorizations;
 - (3) frequent provision of gifts or entertainment to specific Public Officers; or
 - (4) any other case where that provision is suspected to be for the purpose of obtaining a Wrongful Gain in Business.
4. Each officer or employee of the Group must be aware that even the provision of gifts or entertainment to private companies and non-public officials may be restricted under the laws and regulations of some countries, and even when providing a gift, entertainment, or the like to a private company or a non-public official, that gift or entertainment must be provided upon confirming that the gift or entertainment is not inappropriate under the Anti-Bribery Laws and Regulations, the standards permitted under internal rules (such as monetary thresholds), and social norms.

Article 5 Travel expenses, accommodation fees, and food expenses borne when inviting Public Officers to facilities

When an officer or employee of the Group invites a Public Officer to a facility of the Group company at the company's expense, the officer or employee must, in addition to complying with the Anti-Bribery Laws and Regulations, comply with the following requirements:

- (1) an invitation letter must be sent to the governmental authority;
- (2) the amount of travel expenses, accommodation fees, food expenses, and the like borne

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by the Group must be within an appropriate scope in light of the purpose of the invitation and must not be extravagant or excessive in light of social norms; the Group must not bear any expenses that are unreasonably expensive in light of the business purpose; and

- (3) the expenses borne must be paid directly to the governmental authority, travel agency, the hotel, or the like instead of being paid directly to the individual Public Officer.

Article 6 No facilitation payments

1. In some countries and regions, small payments that have no bases under the relevant laws and regulations might be requested from Public Officers for facilitating and accelerating procedures regarding routine administrative services, such as those related to customs, checkpoints, entry to the country, or application for issuance or extension of stay visas (those payments, “**Facilitation Payments**”). These Facilitation Payments are deemed in many countries to constitute bribery to a Public Officer and are prohibited in those countries. Each officer or employee of the Group must not make any Facilitation Payments.
2. Notwithstanding the provisions of the preceding paragraph, if the life, body, or freedom of an individual is in danger (such as in the case of assault, intimidation, arrest, or confinement), and where no practical option for avoiding such danger is conceivable other than to make the payment of money or the like to a Public Officer, the safety of the life or body of the individual will be prioritized and payment to one or more Public Officers will be exceptionally permitted. If such payment is made out of necessity, then a record indicating, as specifically as possible, the date and time, place, counterparty, amount, and the reason and background that necessitated the payment must be prepared and those details must be promptly reported to a contact provided for in Article 10 below.

Article 7 Engagement of Agents

1. Each officer or employee of the Group must note that if bribery is committed for the Group through an Agent, or if an officer or employee is aware that an Agent is committing bribery for the Group but the officer or employee disregards that fact, then the officer or employee may be held to a degree of legal liability equivalent to that in a case where the officer or employee himself or herself commits that bribery.
2. Each officer or employee of the Group must appropriately conduct due diligence, including with respect to the matters set out below, in order to prevent actions by an Agent that constitute indirect acts of bribery to Public Officers when the officer or employee engages that Agent.
 - (1) The officer or employee must request the Agent not to engage in any acts of bribery.
 - (2) The officer or employee must confirm that any fee paid to the Agent does not fall under any of the suspicious matters (red flags) set out below.

Suspicious matters (red flags)

- The Agent has a history of being detected for bribery, is suspected of bribery, is rumored to have committed bribery, or the like

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- The Agent flaunts its relationship with certain Public Officers
 - There are doubts that the Agent is a shell company
 - The amount of payment is abnormal or disproportionate
 - The Agent is reluctant to execute agreements or the like that include anti-bribery clauses
- (3) When the officer or employee engages an Agent for the advice and negotiation with respect to obtaining permissions and authorizations and receiving orders from governmental authorities, trading with governmental authorities or nationally owned enterprises, tax affairs, or the like the officer and employee must execute an agreement clarifying that the Agent will comply with relevant laws and regulations or obtain a written covenant clarifying the same.
- (4) The officer or employee must periodically confirm that the Agent is an appropriate counterparty as a business partner of the Group.

Article 8 Donations and political contributions

If an officer or employee of the Group makes a donation or political contribution, he or she must comply with the Anti-Bribery Laws and Regulations as well as the approval procedures set out in internal rules so as not to invite any misunderstanding that he or she is committing bribery or collusion with a government or any administrative agencies.

Article 9 Preparation and maintenance of accounting records

Each officer or employee of the Group must, accurately and properly and in reasonable detail, enter in accounting books and the like any and all income from, and expenditures made to, third parties in relation to business in order to demonstrate that bribery has not been committed.

Article 10 Report and notification when encountering or discovering violations

If an officer or employee of the Group encounters or discovers any violation or suspected violation of these Basic Regulations or the Anti-Bribery Laws and Regulations, he or she must make a notification or report to one of the following:

- his or her superior;
- the representative of the company that he or she belongs to (such as the CEO, COO, or President);
- the officer in charge of legal affairs and compliance at the company that he or she belongs to (if any);
- the legal or compliance department of the company that he or she belongs to (if any);

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- Corporate General Affairs & Legal Dept., Corporate General Affairs Div. of Sumitomo Bakelite Co., Ltd.;
- the reporting contact for the internal whistleblowing system of the company that he or she belongs to (if any); or
- the Reporting Contact of the “Compliance Reporting System,” which is common across the Group.

Chapter 3 Measures and efforts by each company of the Group

Article 11 Development and operation of anti-bribery and compliance system

Each company of the Group must make ongoing efforts to develop and operate an appropriate anti-bribery and compliance system that incorporates the following elements in accordance with the Anti-Bribery Laws and Regulations of the country where the relevant company is located, the degree of bribery risk in the country where the relevant company is located and the business fields of the relevant company.

- (1) Each company of the Group shall develop and implement appropriate internal rules and internal procedures with respect to gifts, entertainment, donations, and invitations, taking into account the Anti-Bribery Laws and Regulations and social norms.
- (2) In order to prevent bribery to Public Officers via Agents, each company of the Group shall develop and implement appropriate internal rules and internal procedures to investigate an Agent when the Group engages that Agent in relation to a business field with a higher bribery risk or in a type of act that is readily exploitable for the provision of bribes (when giving advice and negotiating with respect to obtaining permissions and authorizations and receiving orders from governmental authorities, trading with governmental authorities or nationally owned enterprises, tax affairs, or the like).
- (3) Each company of the Group shall, in a structured manner, provide their officers and employees with education, training, and the like with respect to preventing bribery.
- (4) Each company of the Group shall conduct auditing in a structured manner to determine whether its anti-bribery and compliance system is being maintained and operated properly.
- (5) Each company of the Group shall evaluate its own bribery risk periodically and review its anti-bribery and compliance system as necessary.
- (6) Each company of the Group shall accurately enter all transactions in the accounting books and properly retain related materials.
- (7) Each company of the Group shall not treat in a disadvantageous manner any officer or employee who makes a notification or report in good faith in accordance with Article 10 as a result of that notification or report being made by that officer or employee.
- (8) In the case of a merger or acquisition, the establishment of a joint venture, or the like, each company of the Group shall properly conduct legal due diligence, including for bribery risk, with respect to the target company.

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Article 12 Disciplinary action

If any officer or employee of the Group violates the Anti-Bribery Laws and Regulations, that the Group must subject the officer or employee to strict discipline under internal rules related to disciplinary action of the relevant company.

Chapter 4 Miscellaneous

Article 13 Relationship of these Basic Regulations to internal anti-bribery rules independently enacted and implemented by each company of the Group

1. Each company of the Group may make independently established standards set out in its internal rules and internal procedures for prevention of bribery stricter than those set out in these Basic Regulations, in accordance with the Anti-Bribery Laws and Regulations that are applicable in the country where the relevant company is located, the characteristics of the relevant company’s business fields or the country where it is located, or the like.
2. Each company of the Group must not make independently enacted and implemented standards set out in its internal rules and internal procedures for prevention of bribery laxer than those set out in these Basic Regulations.

Article 14 Establishment of, amendment to, or abolition of these Basic Regulations

1. The establishment, any amendment to, or the abolition of, these Basic Regulations must be proposed by the Corporate General Affairs & Legal Dept., Corporate General Affairs Div. of Sumitomo Bakelite Co., Ltd. and conducted with the approval of the President of Sumitomo Bakelite Co., Ltd.
2. Notwithstanding the provisions of the preceding paragraph, the establishment of, any amendment to, or the abolition of, the Anti-Bribery Policy of Group of Sumitomo Bakelite Co., Ltd. set out in Article 3 requires, in addition to the approval of the President of Sumitomo Bakelite Co., Ltd., the authorization of the Compliance Committee of Sumitomo Bakelite Co., Ltd. and reporting at the meeting of the Board of Directors of Sumitomo Bakelite Co., Ltd.

Chapter 5 Definitions

Article 15 Definitions

1. “**Public Officer(s)**” means the following persons:
 - (1) An officer or employee of a governmental authority

“Governmental authority” above means any of the following organizations:

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- (i) the central government, a local government, or a local public entity;
 - (ii) the legislative branch, executive branch, or judicial branch of government;
 - (iii) any affiliated organization of (i) or (ii) above;
 - (iv) a public entity or organization (meaning a nationally owned or controlled enterprise or entity or an organization owned or controlled by an organization provided for in (i) through (iii) above); and
 - (v) a public international organization (such as the United Nations, UNICEF, WHO, or the World Bank).
- (2) A person who performs public duties for a governmental authority in accordance with laws and regulations
- (3) A political party, an officer or employee of a political party, a candidate for public office, or a person who performs duties for a political party or a candidate for public office
2. **“Wrongful Gain in Business”** means any gain obtained in a manner running counter to public order and decency or the duty of good faith. Specifically, it means either of the following:
- (1) in the performance of business, any gain obtained by causing a Public Officer to exert its discretion in a manner favorable to the recipient of the obtained gain through the provision of benefits or the like to that Public Officer; and
 - (2) in the performance of business, any gain obtained by causing a Public Officer to commit an illegal act through the provision of benefits or the like to that Public Officer.
3. **“Provision of Goods, Money, or Other Benefits”** means the provision of economic benefits, such as money and goods of value, and any other benefit that serves to satisfy a demand or desire of a person (including gifts, entertainment, invitations to travel, provision of convenience, provision of services, and promises of a kind that would cause a counterparty to anticipate certain actions or the lack of action).
4. **“Anti-Bribery Laws and Regulations”** means laws and regulations related to prevention of bribery that are applicable to the performance of businesses by the Group, including laws and regulations of countries where any companies of the Group are located and laws and regulations that are applicable extra-territorially to those countries (meaning laws and regulations whose application extend to other countries beyond the country to which those laws and regulations belong), such as the US Foreign Corrupt Practices Act (FCPA) and UK Bribery Act (UKBA).
5. **“Agents.”** means any third party, such as an agent, distributor, or consultant, that is not the Group.